

Written report by the general partner on item 9 of the agenda of the annual shareholders' meeting on the reasons for authorizing the general partner to exclude the shareholders' right to sell in the event of acquisition and the shareholders' subscription right in the event of the sale of treasury shares

In Sec. 71 (1) No. 8, the German Stock Corporation Act offers the possibility of acquiring treasury shares up to a total of 10 percent of the capital stock based on an authorization of the annual shareholders' meeting.

The annual shareholders' meeting last authorized the Company to acquire treasury shares on April 27, 2016. Since the existing authorization will expire on April 26, 2021, the authorization to purchase treasury shares is to be renewed for a limited period of five years in order to give the Company the opportunity to continue buying back treasury shares in the future.

The proposed resolution provides for authorizing the general partner to acquire treasury shares that may account for no more than 10 percent of the existing capital stock upon adoption of the resolution or, if lower, of the existing capital stock at the time at which the authorization is exercised. The exercise of the purchase authorization is subject to the approval of the Supervisory Board. The acquisition must take place via the stock exchange, on the basis of a public purchase offer, or on the basis of a public invitation to submit sales offers. The principle of equal treatment under stock corporation law must be observed in each case.

However, the general partner should not be obliged to repurchase common and preferred shares without voting rights in the previous ratio of the share classes. Rather, the general partner should be given the opportunity to exclusively or predominantly acquire shares of one or the other class. It can only make use of this option if there is an appropriate objective justification. The acquisition of shares of only one class can be justified in particular with regard to the intended use of the shares to be repurchased, if, for example, only shares of one class are required for a company takeover or the targeted price stabilization of the respective class is to be achieved through the targeted repurchase of one class. Purchase offers or requests to submit offers to sell are to be addressed to all shareholders of a class.

If the acquisition is made by means of a public purchase offer addressed to all shareholders of a class or by means of a public invitation to submit sales offers, the volume of the offer or the invitation to submit sales offers can be limited. The number of shares in the Company offered by the shareholders may potentially exceed the number of shares requested by the Company. In this case, allocation must be based on quotas. According to c), allotment according to the ratio of the shares subscribed or offered (tender quotas) instead of participation quotas should be possible, because it improves the technical execution of the acquisition process within an economically sensible framework. A preferential acceptance of small lots of up to 100 tendered shares per shareholder should also be possible. This option serves to avoid fractional amounts when determining the quotas to be acquired and small residual amounts, thereby facilitating the technical processing of the share buyback. A factual restriction of small shareholders can also be avoided in this way. Finally, it should be possible to provide rounding according to commercial principles to avoid arithmetical fractions of shares. In this respect, the acquisition rate and the number of shares to be acquired from individual selling shareholders can be rounded as is necessary to process the acquisition of entire shares. The general partner and the Supervisory Board therefore consider this exclusion of any further right to sell for shareholders to be objectively justified.

In the case of the public invitation to submit offers for sale, the addressees of this invitation can decide how many shares they would like to offer the Company at which price (if a price range is set).

The respective bid price or the limit values of the purchase price range determined by the Company per share of the same class and features (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the volume-weighted average of the closing auction prices for shares of the same class and features in Xetra trading (or on a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last five stock exchange trading days before the date that the public offer or the public solicitation of offers is publicly announced.

If significant deviations in the relevant price arise after a public offer or a public invitation to submit offers for sale is published, then the purchase offer or the public invitation to submit offers for sale can be adjusted. In this case, the volume-weighted average of the closing auction prices for shares of the same class and feature in Xetra trading (or on a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last five stock exchange trading days before the adjustment is publicly announced will be taken as the basis. The purchase offer or solicitation of offers can stipulate further terms and conditions.

The general partner is to be further authorized to use treasury shares acquired on the basis of this authorization for all legally permitted purposes, in particular for the purposes expressly listed below.

The proposed option of selling treasury shares serves to simplify the raising of funds. Pursuant to Sec. 71 (1) No. 8 Sentence 5 AktG, the annual shareholders' meeting can also authorize the Company to carry out a sale other than via the stock exchange or based on an offer to all shareholders.

The treasury shares acquired on the basis of this authorization resolution can be withdrawn by the Company according to alternative (i) without the need for a new resolution by the annual shareholders' meeting. Pursuant to Sec. 237 (3) No. 3 AktG, the annual shareholders' meeting of a company can resolve to withdraw its fully paid-in no-par value shares without the need to reduce the company's capital stock. The authorization proposed here expressly provides for this alternative in addition to withdrawal with capital reduction. By withdrawing treasury shares without a capital reduction, the arithmetical proportion of the remaining no-par value shares in the Company's capital stock increases automatically. The general partner is therefore also to be authorized to make the necessary amendment to the articles of association with regard to the number of no-par value shares that changes as a result of withdrawal.

In alternative (ii), a prerequisite for a subscription rights committee is that the treasury shares are sold in accordance with Sec. 186 (3) Sentence 4 AktG at a price that is not significantly below the stock exchange price of the Company's already listed shares of the same class, which are essentially the same, at the time of the sale. Such an

exclusion of subscription rights is legally possible and customary in practice. The idea of protecting shareholders against dilution is taken into account by the fact that the shares may only be sold at a price that is not significantly below the relevant market price. The final determination of the selling price for the treasury shares is made shortly before the sale. The general partner will—with the consent of the Supervisory Board—keep a discount on the stock market price as low as possible according to the market conditions prevailing at the time of the placement. The discount on the stock market price will in no case be more than 5 percent of the stock market price. In view of the strong competition on the capital markets, the possibility of selling treasury shares with the exclusion of subscription rights and in a form other than on the stock exchange or through an offer to all shareholders is in the Company's interest. This gives the Company the opportunity to offer its treasury shares quickly and flexibly to national and international investors, to expand the group of shareholders and to stabilize the value of the share. The sale at a purchase price that is not significantly below the stock exchange price and the limitation of the proportion of treasury shares to a maximum of 10 percent of the capital stock adequately protect the financial interests of the shareholders.

According to alternative (iii), the Company also has the option of having its treasury shares available in order to offer them when purchasing benefits in kind, in particular in the context of company mergers, when acquiring companies or investing in them, or when purchasing other assets or entitlements to the purchase of assets, including claims, to be able to offer as consideration for the acquisition of assets including claims. The authorization proposed here is intended to give the Company the flexibility it needs to be able to quickly and flexibly take advantage of opportunities to acquire companies or interests in them or other assets. The proposed exclusion of subscription rights takes this into account. When determining the value relationships, the general partner will ensure that the interests of the shareholders are adequately protected. In particular, when measuring the value of the treasury shares granted as consideration, it will be guided by the stock exchange price of the Company's shares. However, a systematic link to a stock exchange price is not provided for so as not to jeopardize existing negotiation results due to fluctuations in the stock exchange price.

The exclusion of subscription rights in alternative (iv) also enables the Company to

offer its treasury shares for purchase to employees and/or members of the general management of Drägerwerk AG & Co. KGaA (i.e., members of the Executive Board of the general partner in their capacity as the Company's management body) or of a Group company. In this way, shares can be used as a remuneration component for employees and/or members of general management of the Company and/or Group companies, and as a method of promoting the participation of employees and/or members of the general management in the Company's capital stock, thereby strengthening a sense of identification with the Company among employees and members of general management in the interest of the Company and its shareholders. In this context, appropriate waiting periods can be granted for the sale of the shares. Insofar as members of the Executive Board of the general partner are beneficiaries, the selection of the beneficiaries and the determination of the scope of the shares to be granted to them are also the responsibility of the Supervisory Board of the general partner.

In alternative (v), the general partner is ultimately to be authorized to use the treasury shares acquired on the basis of the proposed authorization to service subscription and conversion rights that arise from the exercise or fulfillment of option or conversion rights or obligations arising from options and/or convertible bonds that are issued by the Company or one of the companies in which it holds a majority interest. The proposed resolution does not create any new authorization to grant further conversion or option rights. It serves only the purpose of giving management the opportunity to service conversion or option rights that are issued on the basis of other authorizations, or option or conversion obligations based on other authorizations, with treasury shares instead of using conditional capital if doing so is in the interests of the Company in individual cases. Option and conversion rights or obligations that could be considered for servicing with treasury shares based on the proposed authorization do not yet exist.

The shareholders' subscription right to acquired treasury shares is excluded insofar as these shares are used according to agenda item 9 d) (ii) to (v) in a way other than by selling them on the stock exchange or by offering them to all shareholders. In addition, it should be possible to exclude shareholders' subscription rights for fractional amounts in the event of the sale of treasury shares via an offer to sell to all shareholders. The exclusion of subscription rights for fractional amounts is necessary in order to be able

to technically execute the sale of acquired treasury shares by way of an offer to shareholders. The treasury shares excluded from the shareholders' subscription right as free fractions will either be sold on the stock exchange or otherwise used as best possible for the Company.

The use of treasury shares under exclusion of subscription rights is only possible if the proportionate amount of the capital stock of the treasury shares used in this manner does not exceed a total of 10 percent of the capital stock in consideration of the new shares issued from authorized capital under exclusion of subscription rights during the term of this authorization and to be issued on the basis of warrant and/or convertible bonds or participation rights issued under exclusion of subscription rights during the term of this authorization, as based on the capital stock in existence either at the time at which the authorization is exercised or at the time at which the treasury shares are sold, depending on the point in time at which the amount of capital stock is lowest. In the interests of the shareholders, this ensures that the possibility of using treasury shares with the exclusion of subscription rights is limited to a total share volume of 10 percent of the capital stock in consideration of all further authorizations to exclude subscription rights.

We would like to point out that in addition to the authorization proposed to the annual shareholders' meeting under agenda item 9 to acquire treasury shares and under agenda item 7 to use treasury shares, the management proposes the creation of a new authorized capital of up to EUR 12,006,400.00, which is to be used to replace the existing authorized capital, which expires on April 26, 2021. The authorization to exclude subscription rights in the event of capital increases from the authorized capital is limited to a total of 10 percent of the capital stock. According to agenda item 8 of the annual shareholders' meeting, conditional capital 2021 in the amount of up to EUR 12,006,400.00 is to be created to service bonds with warrants and/or convertible bonds. New shares issued from authorized capital under exclusion of subscription rights during the term of the authorization and new shares from conditional capital 2021 that are to be issued on the basis of warrant and/or convertible bonds issued under exclusion of subscription rights during the term of this authorization would be offset against the aforementioned capital limit of 10 percent of the capital stock for treasury shares used under exclusion of subscription rights.

When deciding on the use of the treasury shares, the general partner and the Supervisory Board will be guided solely by the well-understood interests of the shareholders and the Company.

Any measures by the general partner on the basis of the authorizations of the annual shareholders' meeting in accordance with the resolution on agenda item 9 a) to e) of the annual shareholders' meeting (i.e., the use of the authorizations both to acquire treasury shares and to use acquired shares) may only be taken with consent of the Supervisory Board.

The general partner will inform the annual shareholders' meeting following the use of the authorizations about the use of the above authorizations.